



Lean with ERP

Metal foundry optimizes with ERP

Everybody talks about rationalization. An Austrian metal foundry is unperturbed: 96% of the employees work in production and only 4% contain the complete business operation. Apart from a sophisticated organization it is also due to a flexible software. The ERP system of ABAS, together with the branch know how of the Austrian sales partners Nittmann & Pekoll, are a guarantee for efficient business processes.



“We don’t want to spend money on a computing department. It doesn’t fit into our lean concept.” Christian Kirchschrager, acting CEO (on the Schwarz website “responsible for quality and ecology management”) of the metal foundry, knows what he is talking about. The graduate business economist relies on a thought out business concept with low administration costs and with it is successful in a extremely competitive business area during a difficult economic cycle.

The Hans Schwarz GmbH metal foundry was founded in 1953, and was a ‘one man’ company. The company from Wels/Austria specializes in aluminium and brass casting. Production is carried out according to the strict terms of reference of the German car industry. “ Even across international borders we are able, based on the flexibility of our facilities for chilled and sand casting, to react faster than our competitors to deadline requirements of our customers”, announces Kirchschrager as the formula for success. “A sensible supplement to the portfolio is the area of CNC (computerized numerical control) processing, where the foundry products are machined, making them competitive in the whole of Europe”, he adds. Over the years, further areas of production like tool manufacture and model making and, as the latest addition, component production were added. “With the introduction of this department we satisfied a request from our customers. We take over the resourcing, assembly, warehousing and the on schedule delivery of the modules”, explains Kirchschrager.

Lean organization as a concept

„Even today, the company resembles a “one man band enterprise”, as only four out of 100 employees work in administration. “96 % of our work force works in production. The term ‘lean production’ has

been with us for a long time”, emphasizes Kirchschrager not without pride. No wonder, the yearly growth has been constant for some time – 15-20 per cent per year. Administration costs have remained the same. At the change of the millenium, the long overdue replacement of the business software was to take place. Up to that point an individually programmed Unix solution was in operation. “We had reached the limit with what it could do. Both, the increasing variety of our products and the number of outsourced items in purchasing and warehousing turned out to be a problem for our software”, remembers Kirchschrager.

Preliminary decision by advisers

In the search for a new ERP system the team from Wels used an unusual procedure: in the middle of 1999 they commissioned a consulting firm to preselect ERP providers. They did know the metal foundry business as well as the branches and the target market. A number of providers were put through their paces until in autumn 1999 the consultants presented their decision: the ERP system abas Business Software of the German ABAS Software AG was deemed to be the most suitable system.

They develop their ERP and eBusiness solutions in Karlsruhe/Germany, but rely on competent partners on location for sales and distribution, in this case Nittmann and Pekoll (N&P) in Vienna, which possess comprehensive knowledge of the business sectors and information technology. In November 1999, the metal foundry decided on a new IT partner with an ambitious target: the ERP implementation was to be concluded in five months. Eight licenses were installed initially on new hardware (server and PC clients). The complete range of services of the abas Business Software was implemented: production planning and control, retail and materials manage



User Report

Metal working and processing



ment, warehouse management, scheduling, production, sales with sales order processing, purchase with purchase order processing, as well as financial accounting. In future, only payroll was to run with a separate solution.

Data migration and implementation

The Vienna ERP specialist N&P took care of the data base which they prepared for the migration and then imported into the newly installed ERP software. "We were relieved that the data transfer did take place without any problems, otherwise we would have had a lot of additional work", says Kirchschrager.



*Christian Kirchschrager:
Acting CEO*

The most finicky part of an ERP implementation is the adaptation to the individual operational requirements. This is similar to a marriage, both partners are bound together for a long period of time and one has to come to an arrangement. This means some give and take for both sides; an ERP system can only work efficiently and deliver reliable information if it is constantly fed the latest data and the business organization is coherent. "We had done our homework in this respect, so that the adaptation of

the software by N&P to our requirements was carried out quickly and without any problems", remembers the acting CEO.

The system was activated in April 2000. "As a precaution we ran our old system parallel to the new one for the first four weeks. During this time we only compared the outgoing invoices and then we stopped this duplication", he adds.

Optimization shows effect

The advantages and the potential of abas Business Software became more apparent, day by day, as the tool was used. A special feature in the metal foundry business is the fluctuating raw material price with which purchasing and cost accounting is confronted. The management has to juggle various due dates, as some customers require a price calculation with the current market price, others want a calculation at the time of invoicing. "The complexity is no longer a problem since we introduced the new system, we have all the necessary information at hand for making calculations and invoicing", explains Kirchschrager. Not only the management and the commercial department profited from the ERP solution, design and production also use the system intensively. Production and foundry manage without work scheduling. Not only are for these areas up-to-date product master files available, they also contain design drawings, which are produced using Auto

desk Mechanical Desktop and Inventor. "For parts, which were produced once before we have recorded digital shots were critical areas are highlighted. Therefore, our employees know exactly which points they have to pay attention to. Through this we could again improve the quality of these parts", reports Kirchschrager. Positively noticeable was the user friendliness of the software: Many settings and the generation of graphical user menus (screens) were made by the users themselves which supported a quick return on investment. There has also been a positive effect on the meeting of deadlines since implementing the new system: "Today we can plan in more detail and through this we improve delivery reliability. Our customers have reacted very positively to this", explains Kirchschrager.

Fit for the Future

With the assistance of N&P, the operation of the ERP software is, through individual adjustments, continually optimized and this results in many interesting starting points for improvements. Kirchschrager finds another new abas component interesting: the Corridor Controlling. With its help companies open up effective controlling and analysis options. Corridor Controlling displays complicated numerical data as graphics and delivers the comparison of target/actual figures for vital company data throughout the year. It effectively supports the business planning and control of the company. ABAS offers its customers the possibility to keep their enterprise on course even during difficult market conditions.

The Wels metal foundry has never regretted its choice: "Naturally, important decisions like the implementation of a new ERP system are always made with a good portion of scepticism. Looking back this was not necessary, we are very pleased with the software and our IT partner N&P", says Kirchschrager.